



Cleveland District Office News

Information for the Small Business Community

November 2005

U.S. Small Business Administration Cleveland District Office

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November 2005 Newsletter
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For More Information
SBA Home Page: www.sba.gov

- SBA Answer Desk:
1-800 U ASK SBA

- Fax: 202-205-7064

- Your rights to regulatory fairness:
1-800-REG-FAIR

*All of the SBA's programs and services are provided to the
public on a non-discriminatory basis.*

LOAN REPORT

As of October 31, 2005

7(a) Loans

Bank	Number of Loans	Dollars (in thousands)
Charter One Bank	48	\$2,907
National City Bank	24	\$2,033
FirstMerit Bank	14	\$5,120
US Bank	13	\$396
Capital One FSB	12	\$410

504 Loans

CDC	Number of Approvals	Total (\$\$s) of 504 Loans Approved
Lucas County Improvement Corp.	4	\$1,365,0000
Growth Capital Corp.	2	\$989,0000
Stark Dev. Board Finance Corp.	2	\$624,000
Cascade CDC Corp.	2	\$510,000
Ohio Statewide Development Corp.	1	\$872,000
Lake County SBAC	1	\$209,000

Lender

Lender	Number of 504s
KeyBank	4
FirstMerit Bank	4
JPMorgan Chase Bank	1
Charter One Bank	1
National City Bank	1
Sky Bank	1

SBA Launches "Give a Lending Hand" Initiative

In an effort to provide faster financial assistance to business owners in the areas affected by Hurricanes Katrina and Rita, SBA has launched the "Give a Lending Hand" initiative, asking for volunteers from the business lending community to help process business disaster loan applications.

The initiative is designed to get money into the hands of disaster survivors more quickly. "This is an opportunity for our partners in the business lending community to assist those affected by the terrible disasters that have swept the Gulf Coast region," said SBA Administrator Hector V. Barreto. Pursuant to this initiative, private loan officers will temporarily be hired by SBA as "Special Government Employees." They will review and recommend the approval or decline of business disaster loans. Those involved in the program will be temporarily detailed to our Fort Worth Processing Center in Texas for a minimum of 60 days.

In addition to lenders currently employed in the industry, SBA is also seeking financial professionals who have retired. These individuals must have retired within the last 10 years and be interested in becoming temporary government employees for a minimum of 180 days.

Those interested in participating in the program may contact Allan Hoberman, Director of Disaster Personnel for SBA's Office of Disaster Assistance, at Allan.Hoberman@sba.gov or (202) 205-6734. For more information on SBA's Disaster Assistance efforts, please visit www.sba.gov/disaster. ♦

News for SBA Lenders...

As of October 1, 2005, SBA Form 159, Compensation Agreement for Services in Connection with Applicant and Loan, has been revised:

It is now titled "Fee Disclosure Form and Compensation Agreement." In addition, there is a separate version of Form 159 for each of the three loan programs: the 7(a) loan program [159 (7a)]; the 504 loan program [159 (504)]; and the Disaster loan program (159D). This notice covers only the 7(a) and 504 loan programs. The new forms are available at SBA's website at <http://www.sba.gov/library>. Click on the hyperlink titled "Forms" and then on SBA Form 159 (7a) or SBA Form 159 (504).

Significant changes to Form 159 are the following:

1. The form's purpose is to identify those Agents that receive compensation for expediting the loan application for a 7(a) or 504 loan. Each version of the form now identifies the rules governing packaging and referral fees for that loan program as well as providing a hyperlink to the rules themselves.
2. The form specifically requires the name and business address of each Agent covered by the form. The form also lists those not considered to be an Agent for purposes of this form. The list includes a state-certified or state-licensed appraiser, an environmental professional, and any attorney hired to close a loan. These changes ensure that the lender or CDC will enter the correct loan agent data consistently.
3. The threshold for itemization of services provided by an Agent has been increased to \$2,500. (Previously, any agent that received more than \$1,000 (or \$300 in the case of 7(a) loans in the amount



of \$15,000 or less) was required to submit a separate schedule itemizing the services performed including the date of the service and the time spent each day.) The new edition of SBA Form 159 may be used immediately but in all cases must be used for 7(a) and 504 loan applications submitted SBA beginning November 21, 2005. Lenders and CDCs may forward questions to the SBA Cleveland office at 216-522-4180.

Notice of Schedule of Payment Due Dates:

Paragraph 6 of SBA Form 1086, states that payments are due at the Fiscal and Transfer Agent (FTA) on the third *calendar* day of the month, or the next business day if the third is not a business day. The SBA allows a grace period of two business days after the due date. If FTA receives a regularly scheduled payment after the expiration of the grace period, a Late Penalty is assessed (subject to a maximum of \$5,000.00). Paragraph 6(c) of SBA Form 1086 describes the components of the Late Penalty. Lenders are billed for Late Penalties at the end of each month. Late Penalties are due to Colson (FTA) with the Lender's next monthly remittance. Below is a schedule of *final* due dates, which includes the grace period of two business days for regularly scheduled payments. Payments received after the final due date will be subject to the Late Penalty.

2006

January	5	February	7
March	7	April	5
May	5	June	7
July	6	August	7
September	7	October	5
November	7	December	6

Questions concerning specific Late Penalties that have been charged to lenders should be directed to Larry Packer of Colson Services on 718-242-6657 or e-mail at PACKERL@COLSONSERVICES.COM ♦

Did you know: In recent weeks, SBA has expedited the disaster loan application process for business loans under \$100,000, simplified documentation requirements for business disaster loans, and urged lenders to provide deferment relief to borrowers in disaster-stricken areas.

**New Location:
Ohio SBDC at Maumee Valley
Planning Organization**

The Small Business Development Center located in Defiance, Ohio is proud to announce that they have moved to a new location. The Center is now located in the new Defiance County Building within the Economic Development Center at 1300 E. Second Street, suite 201. The Small Business Development Center has additional conference and training rooms to accommodate larger groups for training and for hosting lender roundtables. In the near future, in addition to the current "Business Start Up" classes, the center will also offer training in several other areas, such as: business etiquette, how to read your financial reports, marketing planning, developing your target market, etc. Merry Beavers is the Director of the program and has been with the SBDC since January 2005. ♦

**Cleveland District Office
Program Staff**

Gilbert B. Goldberg, District Director
Richard A. Lukich, District Counsel

Lender Relations:

James F. Donato, Manager and PIO
Timothy J. Enschede, Lender Relations Specialist
Mark C. Hansel, Lender Relations Specialist
Thomas R. Sangrik, Lender Relations Specialist

**Business & Economic Development
(Community Outreach):**

James M. Duffy, Manager
John R. Renner, Business Development Specialist
Sonya M. Wagasky, Business Development Specialist

**UPCOMING SBA CLEVELAND DISTRICT OFFICE SEMINARS
HELD AT THE CLEVELAND DISTRICT OFFICE**

**BUSINESS DEVELOPMENT SEMINAR FOR 8(a)/GOVERNMENT
CONTRACTING**

November 11, 2005

The seminar covers guidelines for certification in the 8(a) program, the SDB program and the benefits that accrue from both. The 8(a) program is a business development program for socially and economically disadvantaged businesses. The requirements for the HUBZone Empowerment Contracting Program are outlined, as well. This program gives competitive advantages to companies located in distressed areas when they are competing for Federal contracts. In addition, the SBA's surety bond program is explained. The meetings are from 10:00 am until noon. Registration is not required.

OUTREACH AND LOAN MEETING

November 17, 2005

The session will cover the loan programs of the SBA and the general loan application process. In addition, other SBA programs are discussed, including those designed to help people successfully develop or start businesses. Attendees may meet and ask questions of SBA staff members who are directly involved in the Cleveland District Office's outreach and lending activities. The Cleveland meetings begin at 10:00 am and last about two hours. Please call 216-522-4180 for reservations.

BANKERS' TRAINING

November 30, 2005

Members of the SBA Lender Relations staff give lenders an overview of SBA lending. Topics covered include "Why consider participating in SBA's loan programs?" "What is and is not eligible under SBA programs?" "What specific programs are available?" In addition, staff members provide bankers with an overview of how to put together a SBA 7(a) loan application. The training sessions are held from 10:00 until noon. Please call 216-522-4180 to register. ♦

Reminder:

**The SBA Cleveland District Office's
new address is:**

**1350 Euclid Avenue, Suite 211
Cleveland, Ohio 44115-1815**

Please update your records